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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, June 3

NIKKEI (Page 2) (Full)
June 2, 2008

Morning

Left Tegel Airport in Berlin by government plane. Arrived at Heathrow Airport outside London. Met with British Prime Minister Brown at 10 Downing Street.

Noon

Joint press conference at InterContinental Hotel.

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Afternoon

Met with Lord Mayor of the City of London Lewis

4) Prime Minister demonstrates his positive attitude toward environment, plans to come up with mid-term greenhouse gas reduction targets ahead of G-8 Summit

YOMIURI (Page 4) (Full)
June 3, 2008

During a joint news conference with the German chancellor, Prime Minister Fukuda announced his policy line of presenting ideas on midterm targets for greenhouse gas emission cuts ahead of the upcoming Group of Eight (G-8) Toyako Summit in Hokkaido. This announcement is apparently aimed at highlighting his positive attitude toward the environment. Meanwhile, bureaucrats in Japan call on the prime minister to be prudent, for mid-term targets will be closely linked to international negotiations about post-Kyoto Protocol (targets) from now on.

The joint press conference took place on the evening of June 1 (before dawn of June 2, Japan time). In it, Fukuda was bold enough to say: "Ahead of the G-8 Summit, Japan will come up with a clear plan. The plan will include long- and mid-term goals."

Speaking of this announcement at a news conference yesterday, Vice Environment Minister Yoshio Tamura indicated a cautious position by noting: "Declaring (mid-term targets) in itself is tantamount to international negotiations. I'd like to refrain from mentioning what targets will be shown and whether it is appropriate to indicate them (ahead of the G-8 Summit)."

Because negotiations about post-Kyoto Protocol targets are expected to continue into next year and also because if mid-term targets are set, Japan will be legally obligated to achieve them, a government official said that the dominant view in the government was that at this point in time, there would be no need for Japan to hammer out any specific goals."

Discussions of mid-term goals as greenhouse gas emission targets to be applied to a timeframe ranging from 2020 through 2030 are continuing. Those goals are viewed as international targets that will follow the Kyoto Protocol. The Intergovernmental Panel on Climate Change (IPCC) has indicated that the industrialized countries should reduce their emissions by 25-40 PERCENT in 2020.

5) Japanese, British prime ministers agree on need to send strong message regarding food price rise

ASAHI (Page 4) (Abridged slightly)
June 3, 2008

Prime Minister Fukuda, now visiting Europe, arrived in London on the morning of June 2 (night of the 2nd, Japan time) and met with Prime

Minister Brown at 10 Downing Street. Both leaders shared the perception that it is important for the G-8 (Lake Toya Summit) to be held in Hokkaido in July to send a strong message regarding the global warming issue and worldwide food price rise.

Fukuda during the meeting proposed, "I want to the G-8 to send a joint message on main items on the G-8 agenda, such as the global

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economy, the environment, climate change and the sharp rise in food prices." Brown supported Fukuda's proposal, noting, "The international community expects the G-8 to come up with a strong message."

Regarding climate change, both leaders agreed on the importance of the Lake Toya Summit sending a proactive message, following the agreement reached at the Heiligendamm Summit last year that halving global warming greenhouse gas emissions by 2050 should be considered seriously. Brown urged Japan to introduce an emissions trading system, saying, "I want to see an expanded carbon market, based on the emissions trading system. I hope Japan will join the system." Fukuda simply replied, "We are now considering the matter, taking broad-based points at issue into consideration."

6) Main points from Japan-Britain, Japan-Germany summit talks

SANKEI (Page 5) (Full)
June 3, 2008

Japan-Britain summit

Food, oil crisis

British Prime Minister Brown: The international community is paying attention to what kind of message the Group of Eight (G-8) nations will send at the Hokkaido Toyako summit. It's important that oil-producing countries and oil-consuming countries hold substantial meetings to talk about oil prices.

Prime Minister Yasuo Fukuda: It's also important to reduce demand (for oil) through technological innovation.

Climate change

Brown: We should expand the carbon market through emissions trading in order to reduce emissions. We hope Japan will also participate.

Fukuda: It's important to draw proactive responses from newly emerging countries like China and India. We'd like to send a strong message at the G-8 summit. We're studying emissions trading from a broader perspective.

African development

Brown: Based on the outcome of the 4th Tokyo International Conference on African Development (TICAD IV), we should focus on education and public health at the G-8 summit.

Fukuda: We, too, would like to send a message focusing on public health, water, and education.

U.N. reform

Brown: There is something that needs to be reformed in the trend of internationalization.

Fukuda: International organizations will have to be reformed at all times so that they will meet the present situation. I'd like to ask Britain to cooperate for a reform of the United Nations.

Brown: We will continue to cooperate.

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Japan-Germany summit

Climate change

Prime Minister Yasuo Fukuda: It's important to draw responses from newly emerging countries like China and India. I'd like to announce Japan's policy while watching discussions on global warming.

German Chancellor Merkel: It's important to move the Heiligendamm summit agreement forward (to earnestly consider halving greenhouse gas emissions in the whole world by 2050).

African development

Fukuda: I want to have the results of TICAD IV reflected in the Hokkaido Toyako summit. We'd like to send a message focusing on public health, water, and education.

Merkel: I agree

Food crisis

Fukuda: The G-8 nations will have to work together to analyze the cause of the problem and to take urgent and short-term measures as well as medium- to long-term measures.

Merkel: Biofuel and food production must not scramble for land. We will have to consider something for both to get along with each other.

Political issue

Fukuda: We'd like to send a message to enhance the nuclear nonproliferation regime. As a peace-cooperating nation, we want to do all we can to build peace.

Merkel: I agree.

7) Fukuda on European tour: Differences in enthusiasm between Japan, Germany and Britain on global warming

TOKYO SHIMBUN (Page 2) (Full)
June 3, 2008

(Hiroshi Hoshi, London)

Following a meeting with German Chancellor Angela Merkel, Prime Minister Yasuo Fukuda, on the second leg of his three-nation European tour, held a meeting with British Prime Minister Gordon Brown in London on June 2. The two leaders agreed on the view that they should cooperate in dealing with global warming. In the run-up to the Group of Eight (G-8) Summit (Lake Toya Summit in Hokkaido) in July, it is significant for Fukuda to have been able to share the necessity of cooperation in dealing with the climate change issue with the leaders of Germany and Britain, both of which lead the European Union (EU) in tackling this issue. When it comes to specific measures, though, there are still differences in interest and enthusiasm among the three countries.

Japanese, British leaders agree on support for food production expansion in developing countries

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In their meeting, Fukuda and Brown agreed that the G-8 leaders should work out specific measures to tackle the rising prices of oil and food around the world.

Speaking at a joint press conference at 10 Downing Street following the meeting, Fukuda stated: "I hope that a powerful message will be sent out (at the G-8 Summit) on measures to increase farm products and improve productivity from a medium- to long-term viewpoint," adding: "The G-8 leaders should announce such measures in a way that creates an impact."

On April 10, Brown sent a letter to Fukuda suggesting that the food

issue be taken up at the upcoming G-8 Summit. In the meeting with Fukuda, Brown praised Fukuda's response to his request. Brown then stressed: "It is becoming more difficult to obtain basic foodstuffs. Over the past several years, harvests have declined. It is necessary to raise subsidies to farmers."

On the issue of climate change, the two leaders shared the importance of sending out a positive message at the G-8 Summit. But Brown emphasized the need to expand trading in greenhouse gas credits and said: "I expect Japan to join the trading system." But Fukuda indicated a cautious view, just saying: "The government is looking into the possibility from a broader point of view."

Britain, Germany urge Japan to join emissions-trading mechanism

Although the day Fukuda arrived in Berlin was Sunday, the German government held a welcome ceremony for him. In the meeting held following the ceremony, Fukuda and Merkel agreed that "it is imperative to send out a G-8 message at the Summit" on global warming. British Prime Minister Brown also shares this view.

The three leaders are looking to a new international climate regime following the 2012 expiration of the Kyoto Protocol. They are interested in how they should bring into the new regime the U.S., which has broken away from the protocol, as well as China and India, which have been placed outside the reduction obligation. In the Japan-Germany summit, Fukuda succeeded in having Merkel agree to take a strategy at the upcoming G-8 Summit to lure China and India into a new regime.

Nonetheless, there are differences in motives in dealing with the climate issue between Japan and Britain and Germany.

For instance, both Merkel and Brown expressed their hopes for Japan's participation in an emissions-trading system. Fukuda, though, remained unable to make a definite reply in the face of objections from industrial circles, just saying: "Discussion is now underway."

On global warming, Britain and Germany, which look upon themselves as the world's leaders, think that politics should take the lead, as shown by their mid-term targets for reducing greenhouse gas emissions, which a senior Japanese Environment Ministry officer calls "ambitious," despite their manufacturing-based industrial structures.

In the joint press conference with Merkel, Fukuda revealed that Japan would announce its vision on mid-term targets covering the 2020-2030 timeframe by the upcoming G-8 Summit. The British and

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German leaders must harbor dissatisfaction with Japan's half-hearted stance about presenting numerical targets.

Attention is focused on whether the G-8 leaders, despite such differences, will be able to come up with a substantial agreement at the G-8 Summit.

8) Interview with Taku Yamasaki of Parliamentary League to Normalize Relations between Japan and DPRK: Parliamentary diplomacy could break impasse in stalled talks on abduction issue

NIKKEI (Page 2) (Full)
June 3, 2008

Question: Why did you launch the group at this point in time?

Yamasaki: That is because our previous pressure policy has not been successful at all. I think it is time to make a big political decision to end the stalemate in negotiations. The ultimate measure would be to arrange a Japan-North Korea summit meeting. I organized a parliamentary group for that end. All the parties should be politically responsible for the public.

I think it necessary to have all abductees, missing citizens recognized by the government, Japanese wives living in that country,

and other Japanese survivors return home. Efforts are essential to have dialogue with that country. I am determined to serve as a steppingstone to realize Japan-North Korea summit talks.

Q: Do you have any information about the abduction issue?

Yamasaki: I have the feeling from accounts given by foreign governments' officials and people inside North Korea whom I contacted that there are some Japanese survivors. I've obtained such a feeling because those people did not deny my questions. Communication networks with the Workers' Party of Korea are indispensable to jump-start the stalled talks. I so felt when I had talks in Dalian, China (in April 2004).

Q: Do you think you can unify views in the party before the next Lower House election?

Yamasaki: I may come under criticism. But it is not a good idea to indefinitely continue the six-party talks in vain. The United States will see its president replaced shortly. Once the representatives (to the six-party talks) from the U.S. and China are replaced, their negotiating attitudes may change. It is my belief that a crucial stage will come in the fall.

Q: Is Prime Minister Yasuo Fukuda eager to visit North Korea?

Yamasaki: That would be a theme he would like to address before the next Lower House election. He has had a strong interest (in resolving the North Korean issues) since he served as chief cabinet secretary. I was asked in detail in person by him about what I discussed (with the North Korean side) in Dalian. Former Prime Minister Junichiro Koizumi also told me "Only the incumbent prime minister is capable of dealing with the matter. Prime Minister Fukuda should go." Yet, Prime Minister Fukuda does not have an optimistic outlook.

9) New medical service system for elderly: Ruling parties agree on

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revision plan; Premiums imposed in accordance with income levels to be reduced

MAINICHI (Top Play) (Excerpts)
June 3, 2008

Regarding a part of premiums imposed in accordance with income levels of those covered by the scheme under the new medical service system for people aged 75 and older, the Liberal Democratic Party (LDP) and the New Komeito on June 2 agreed in principle to reduce by 25 PERCENT to 100 PERCENT the premiums imposed on those whose income from public pension is under 2.08 million yen a year. The plan is to have associations attached to each prefecture, which manage the system, cut premiums and make up for the shortfalls with special government subsidies. The revision plan now covers almost all key points proposed by the ruling parties. Both parties will finalize the overall revision plan before the end of this week and formally adopt it as a proposal by the government and the ruling parties prior to the 13th, when the second deduction of premiums takes place.

Major revisions proposed by ruling parties

? 90 PERCENT cut in relation to the per-capita part of the premiums for those whose income from public pensions is less than the basic pension (85 PERCENT cut in the initial year)
? 25 PERCENT to 100 PERCENT cut for those whose income from public pensions is under 2.08 million yen a year

? Allowing premiums be deducted from the bank accounts of kin living in the same household

? Ask the Central Social Insurance Medical Council to revise the

consultation fees for the terminal care of patients aged 75 and older, including abolishing such

10) Fukuda looking to regain public support

YOMIURI (Page 4) (Full)
June 3, 2008

Prime Minister Fukuda has recently settled a number of difficult policy challenges at his own decision, including a legislative measure to reform the national public service personnel system. What lies behind this move is the downturn of public approval ratings for his cabinet. The government and the ruling Liberal Democratic Party apparently want to boost Fukuda's popularity.

The legislation to reform the national public service personnel system encountered opposition from government bureaucrats and ruling party lawmakers. "They didn't really think it would clear the Diet," a mid-ranking LDP lawmaker said. Chief Cabinet Secretary Machimura and LDP Secretary General Ibuki were reluctant to get the bill through the Diet during its current session. Meanwhile, the current Diet is now about to end. Fukuda told Machimura and Ibuki that he wanted to have the reform bill clear the Diet during the current session. Fukuda's resolve was firm, as he thought to himself that forgoing the legislation would look like backpedaling on his reform

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initiative.

Another policy challenge was how to respond to a treaty banning cluster bombs. In late May, Fukuda met Toshiko Hamayotsu, deputy president of New Komeito, the LDP's coalition partner, and other New Komeito party executives. On that occasion, Fukuda told them that he was willing to make his own political decision. According to one of Fukuda's aides, however, it was long before that when he actually made up his mind to do so. The Defense Ministry and the Foreign Ministry were reluctant to consent, insisting on a partial prohibition. Fukuda was apparently irritated at them.

These days, Fukuda has displayed his leadership. In a way, what had been on his mind has now been brought to fruition at last. "The prime minister does not want to make an appeal to the media on what has been settled at his own instructions," one government official said. "Such a personal character is a minus," this official added. The Fukuda cabinet is now in the doldrums. "So he's trying to do what he wants to," says an executive of the leading opposition Democratic Party of Japan (Minshuto).

However, few people think that those policy issues have been settled at Fukuda's leadership only. For example, Fukuda decided to incorporate gasoline and other road-specific tax revenues into the state's general account. One LDP executive from the road-related policy clique said: "We will have to go through an election someday for the House of Representatives, but Prime Minister Fukuda's popularity is now low, so we cannot do anything that could work against the Fukuda government." In fact, those opposed to Fukuda's policy in the LDP abstained from crying out against him. This LDP executive added, "If the prime minister's lack of leadership is highlighted, that will only benefit the opposition parties." This feeling is common to all in the ruling parties.

11) Machimura's comments on reviewing rice acreage reduction policy and ground-based activities in Afghanistan create stir in ruling parties

TOKYO SHIMBUN (Page 2) (Abridged slightly)
June 3, 2008

Chief Cabinet Secretary Nobutaka Machimura's reference to a possible review of the rice acreage reduction policy and to ground-based reconstruction support for Afghanistan has created a stir in the ruling parties.

Former LDP Secretary General Koichi Kato appearing on a commercial television program on June 1 criticized a review of the rice acreage reduction policy, saying: "Rice prices would decline and terrible

things would happen. Fallow farmland (from the rice paddy reduction policy) must be used to grow soybeans and wheat. (Mr. Machimura) does not know much about agriculture." An LDP executive sided with Kato, saying, "If the rice acreage reduction policy is ceased, all farmers would quit (agriculture). A New Komeito executive, too, described Machimura's statement as inappropriate.

A young LDP lawmaker said: "Farmers would react strongly to it. Mr. Machimura does not seem to be aware of the impact of his statements." Meanwhile, a mid-level member welcomed Machimura's comment, saying, "The rice acreage reduction policy is absurd. What Mr. Machimura said is correct." A member who previously served in one of the three LDP executive posts also defended Machimura.

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About ground-based activities in Afghanistan, a veteran lawmaker said, "In order to dispatch SDF troops, a new law is required. The Democratic Party of Japan would probably not cooperate." A young member raised a question, noting, "Will dangerous activities be able to obtain public understanding?"

A senior LDP lawmaker took this view about the purpose of Machimura's series of statements, "He probably wants to boost his political presence." A senior New Komeito member said: "He seems to want to achieve results as chief cabinet secretary, but what he said is counterproductive."

12) Vice MAFF minister emphasizes continuation of rice acreage reduction policy

TOKYO SHIMBUN (Page 2) (Full)
June 3, 2008

Vice Agriculture, Forestry and Fisheries Minister Toshiro Shirasu in a press conference yesterday indicated that the rice acreage reduction policy will continue, saying: "The rice production adjustment program (rice acreage reduction program) is produced annually based on the consumption of rice, a staple food. There is a need to maintain it in the future as well."

As the reason, Shirasu said: "If the adjustment program is ceased and rice is allowed to be produced (arbitrarily), rice prices would naturally nosedive. That would deal a blow to growers (farmers). We have no intention of increasing the production of rice, the staple food."

13) Coordination underway to open extra Diet session in late August; Government, ruling camp plan to submit a Consumer Agency establishment bill to Diet

ASAHI (Page 1) (Full)
June 3, 2008

The government and ruling parties have started looking into convening an extraordinary Diet session in late August. The aim is to secure sufficient time for the session so that the House of Representatives will be able to hold a revote on a bill amending the refueling-assistance special measures law, intended to extend the refueling mission in the Indian Ocean, even if the bill is voted down in the House of Councillors. They intend to submit to the extra session also a bill designed to establish a Consumer Agency. Prime Minister Yasuo Fukuda is eager to enact the legislation during the session. The government and ruling coalition are carrying out coordination to have the session run for about 100 days. Last year, expecting that deliberations would encounter difficulties with the Diet divided between the ruling and opposition camps, an extra session was convened on Sept. 10, earlier than usual. Despite that, the session had to be extended twice. Therefore, the government and ruling coalition are now focusing on making Aug. 25-29 the opening day. They are envisioning ending the session during the period between late November and the middle of December.

In the upcoming extra Diet session, the major focus will be on the handling of the refueling-support special measures law revision bill. In January this year, since the Upper House rejected a bill

extending the special measures law, the Lower House held a revote on

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the law for the first time in 57 years. As a result, the law was then enacted. The ruling parties have discussed also on a permanent law that would enable the government to dispatch the Self-Defense Forces (SDF) as needed. However, since many New Komeito lawmakers are cautious about such an idea, it is unlikely that the ruling camp will be able to come up with a final draft. The government and ruling coalition, therefore, have now decided to deal with SDF overseas dispatches by applying the special measures law.

A bill designed to have major companies shoulder state contributions to the government health insurance scheme will be carried over to the next session. The government and ruling parties will not hesitate to take a revote on the bill in the upcoming extra session on the grounds that the enactment of the bill is indispensable to curb the increase of social security expenditures by 220 billion yen.

In the ruling camp, there is a growing view calling for a cabinet shuffle after the Group of Eight summit in July in Hokkaido. Depending on a time when the prime minister decides to shuffle his cabinet, the opening of the extra session would be delayed.

14) DPJ leadership fretting over submitting censure motion against prime minister; Young members eager to submit motion

MAINICHI (Page 5) (Excerpts)
June 3, 2008

The Democratic Party of Japan is fretting over the question of submitting a censure motion against the prime minister ahead of a full fledged battle between the ruling and opposition camps over a bill abolishing the newly introduced medical system for people aged 75 and older. The party leadership is tilted toward forgoing submitting a motion in the current Diet session, thinking that even if a motion is submitted, forcing Prime Minister Fukuda into Lower House dissolution for a snap general election would be difficult. At the same time, young members are still strongly calling for submitting a motion based on public support.

DPJ Lower House members serving their first to third terms, who had conducted activities at the Diet and on street corners over the deadline of the provisional gasoline tax rate, received a notice yesterday about a gasoline party to be held on the evening of June 12, days before the close of the current Diet session. The notice was issued in the name of Diet Affairs Committee Chairman Kenji Yamaoka. Reading the notice, many members said, "Is this a declaration that the party will not submit a censure motion?"

About the timing for submitting a censure motion, DPJ President Ichiro Ozawa told an aide around May 20, shortly before submitting the bill abolishing the medical system for the elderly, "We should do so when the other side will put up opposition." At that point, Ozawa's plan was to get the Upper House to adopt the bill in mid-May, grill Prime Minister Fukuda over the medical system in a Diet party-head debate on June 4, and then submit a motion against him.

Ozawa's plan did not materialize partly because the planned party-head debate has been postponed to June 11 due to the prime minister's foreign trip. Since then, Ozawa has not clarified his attitude about submitting a motion.

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Most of the DPJ leaders, including Secretary General Yukio Hatoyama, are cautious about submitting a motion. They think in order to ensure Ozawa's reelection in the party presidential race in September, the party should not submit a censure motion.

15) Submission of censure motion against prime minister flares up again in DPJ: Four top officers to hold talks in response to

deep-rooted cautious stance

ASAHI (Page 4) (Full)
June 3, 2008

As the close of the Diet session draws near, moves to submit a censure motion against Prime Minister Fukuda have reemerged in the Democratic Party of Japan (DPJ or Minshuto). That is because an increasing number of party members are of the view that the DPJ should speak for public opinion trends, by submitting a censure motion against the prime minister to pursue his responsibility for such issues as roads, pensions, and the new medical service system for elderly people.

As a specific timeframe for the submission of a censure motion, the DPJ leadership is assuming a time when the opposition parties oppose the adoption of a bill scrapping the medical service system for elderly people in the Upper House or a time when it is sent to the Lower House. It is also looking into simultaneously submitting a no-confidence motion against the cabinet to the Lower House.

If the censure motion is adopted, the next extraordinary Diet is bound to fall into confusion right from the beginning. However, one senior party member said, "We should submit it in order to show where we stand in pursuing those three issues."

The DPJ leadership on the 2nd reaffirmed its policy of seeking an early roll call on the abolition bill and the summoning of Naoki Akiyama, full-time executive board member of the Japan-U.S. Center for Peace and Cultural Exchange, as a sworn witness regarding bribery involving the Defense Ministry. Party executives will discuss the party's approach toward the final phase of the Diet session today. Four top officers, including President Ozawa and Secretary General Yukio Hatoyama, will then reach a final judgment.

However, since there is no possibility of Prime Minister Fukuda dissolving the Lower House or cabinet resignation en masse even if the censure motion is adopted, a view cautious about submitting the censure motion is deep-rooted.

SCHIEFFER